

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The Hon'ble Supreme Court has given judgement regarding pay scales of Officers and employees of Regional Rural Banks (RRBs) in C.A. No. 2218/99 and 2219/99 filed by South Malabar Gramin Bank and Central Government respectively. The Hon'ble Supreme Court directed that the salary of the employees of RRBs be determined according to the proposal of Union of India in its Interlocutory Application *i.e.* the employees of the RRBs will be granted the new scales *w.e.f.* 01.04.2000 in line with scales granted to Commercial Banks employees of equivalent level. The Hon'ble Supreme Court has further directed that the Union Government shall decide the question as to what would be the salary of the employees of the RRBs subsequent to the 6th Bipartite Settlement having been given effect to, in case of employees of the Commercial Banks and with effect from what date and the benefit flowing from such decision be given to the RRB employees.

(b) Necessary instruction in compliance with the Hon'ble Supreme Court directions has been issued on 11th April 2001 in consultation with Ministry of Law.

Effect of developments in Financial Market on banking system

4191. SHRIMATI AMBIKA SONI:

SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Reserve Bank of India have asked banks to maintain an arms length relationship with their subsidiaries to avoid the spill over of adverse developments in the financial market into the banking system; and

(b) what steps banks have taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has issued instructions to the banks to maintain "arms length" relationship with their subsidiaries.

[24 April, 2001]

RAJYA SABHA

Banks have been taking steps in accordance with the guidelines issued by the RBI in this regard.

Merger of Global Trust Bank and UTI Bank

4192. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

- (a) whether there is any proposal of merger between the Global Trust Bank and UTI Bank;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether Reserve Bank of India had initiated any investigation into the abnormal fluctuations of the shares of the aforesaid banks;
- (d) if so, the details thereof and the results of RBI's investigation;
- (e) the details of the RBI's recommendations in this regard; and
- (f) by when final decision in this regard is likely to be taken and the conditionalities thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) The proposed merger between the two banks has since been called off by the Global Trust Bank Ltd. (GTB).

- (b) Does not arise.
- (c) The Reserve Bank of India (RBI) had observed fluctuations in the share prices of GTB during October-November, 2000 and had requested the Securities and Exchange Board of India (SEBI) to investigate the matter.
- (d) Preliminary investigations by SEBI revealed that, *prima facie*, there appeared to be manipulation in the share price of GTB.
- (e) and (f) Do not arise.